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SUBJECT: MEDIA REACTION US-URUGUAYAN FTA THE PRE-EMPTIVE WAR CONCEPT US MILITARY AND CIVILIANS LATIN AMERICAN GAS SUPPLY 05/05/06

#### 11. SUMMARY STATEMENT

Today's local papers lead with the meeting held between US President George W. Bush and Uruguayan President Tabare Vazquez; Argentine and Brazilian presidents' promise to respect "potentially explosive" Bolivia's nationalization of its natural gas sector; the Argentine announcement it lodged a claim against Uruguay before the International Court of Justice in The Hague protesting at the construction of two paper pulp mills; and Kadima leader Ehud Olmert taking office as Israel's PM with his new coalition government. Daily-of-record "La Nacion" carries an editorial criticizing Bolivian President Morales' decision to nationalize hydrocarbons.

#### 12. OPINION PIECES AND KEY STORIES

- "Tabare meets with Bush, but the US-Uruguayan FTA is delayed"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (05/05) "Uruguayan President Tabare Vazquez met yesterday with George W. Bush but there was no announcement of a bilateral FTA. Instead, the possibility of signing it in October in Montevideo was mentioned.

"During the meeting..., Tabare referred to (Uruguay's) conflict with Argentina over the pulp mills. Bush listened to his arguments but remained absolutely neutral.

"The two presidents agreed to deepen the trade relationship between both countries and negotiate market access.

"... After his meeting with Bush, Tabare said 'We do not renounce Mercosur, but we want a greater and better Mercosur.' However, he added that 'In the framework of Mercosur, Uruguay will defend its right to reach bilateral trade deals with other countries and regions,' and that both Brazil and Argentina should understand that 'As it is, Mercosur is useless for small countries.'

- "Bush and Vazquez agree on an increase in bilateral trade"

Nelson Fernandez, on special assignment in Washington for daily-of-record "La Nacion," writes (05/05)

"Yesterday, Uruguay managed that the US open a door to a bilateral trade negotiation, the content of which will be defined in committees that will start working in the following days and that could well end up in an FTA..."

"The end of negotiations is not sure yet. Uruguay would be satisfied with an FTA enabling to lower barriers on the sale of Uruguayan meat, dairy products, textiles, software and alternative energy. However, the purpose of (Uruguayan) Economy Minister Danilo Astori's new trade strategy is to reach an FTA with the US as a previous step to a series of similar deals to be reached with Arab and Asian countries."

- "Russell, Churchill and pre-emptive war"

Carlos Escudé, head of the International Studies Center, CEMA University, writes (05/05) "The prospect that a theocratic and fundamentalist regime... purchasing nuclear armament refers us to the debates that took place between 1945 and 1949, when Americans had the nuclear monopoly. While that monopoly no longer exists, there prevails an oligopoly made up by the five permanent members of the UN Security Council, plus three nuclear countries, which (in contrast to Iran) never signed the Non Proliferation Treaty.

"By that time (1945-49), the people were more aware than today about the possibility of an end-of-the-world war if WMD proliferated, and some prominent men promoted the idea of a pre-emptive war 'by using nuclear monopoly in order to maintain nuclear monopoly.'"

- "Chavez has the key to the US"

Sergio Serrichio, economic and political columnist of business-financial "El Cronista," comments (05/05) "It is easy for Hugo Chavez to criticize those seeking greater trade access to the US, because Venezuela already has it. For this, he did not need to negotiate anything with Washington... Even under Chavez, 70% of Venezuelan oil exports go to the US..."

"... For any country, an FTA with the US is not a panacea and it certainly has its costs - namely, strict trading costs plus the paraphernalia of homologation rules and legislative amendments that Washington seeks to impose on its potential partners.

"It is easier to attempt to improve market access without reaching an FTA, something of which Uruguay abused perhaps due to its historic Mercosur partners' rebuff."

- "US military and civilians"

Daily-of-record "La Nacion" carries an op-ed piece by Albino Gomez, diplomat, writer and journalist, who writes (05/05) "For the first time since the beginning of the war in Iraq, a group of retired US military decided to break a strong tradition of silence and asked for the resignation of US Defense Secretary Donald Rumsfeld..."

"... The subordination of the military power to civilian authorities has never been a problem in the US and this is the case still today in spite of the criticism from some retired generals and their request for the US Defense Secretary's resignation..."

"... However, the possibility of another serious conflict in the area, that with Iran (which could be much more dangerous than the one with Iraq) could spark a dramatic change not only in the US but all over the world."

### 13. EDITORIALS

#### - "Bolivia on the wrong road"

Daily-of-record "La Nacion" editorializes (05/05) "The nationalization of hydrocarbons decided by Bolivian President Evo Morales has to be understood as a sovereign measure that was taken by a legitimate government but also as an extreme step with a deep ideological burden, which represents a return to statism and a retreat vis--vis the prevailing international economic development and integration model.

"... Contrary to what occurred with previous nationalizations in Bolivia, when natural resources were in the hands of US companies, this time, the most affected companies in Bolivia are from Brazil and Spain.

"... Bolivia needs to find a balanced road to put an end to its historic and unfair social inequity, and the best way to do it should be to welcome investment that may contribute to its development."

#### - "Power to the people"

An editorial in liberal, English-language "Buenos Aires Herald" reads (05/05) "This newspaper has often criticized Aldo Ferrer's 'live off our own' philosophy of economic nationalism but this approach may well turn out to be a necessity amid the current shambles of regional policy. It is still too early to comment on the results of the latest regional initiatives... but it is not too early to say that imagining these events will magically solve all problems is an illusion and that this country should start preparing now to go it alone within the region, especially on the energy front.

"The need to resolve energy bottlenecks (compounded by the rising price of nationalized Bolivian gas) is all the more acute since this government has fallen so

much in love with runaway growth that it is not doing anything towards a slowdown - the lowest minimum growth forecasts for 2006... now stand at seven or eight percent.

"... More realistic pricing and restriction of demand are important first steps but the essence of any energy distribution policy is having energy to distribute. Argentina's oil and gas production has been declining steadily over the past three years while Brazil... has vowed not to invest a penny more, resorting to international courts against Bolivia just like Argentina against Uruguay. Any future energy policy thus needs not only to regulate demand but also to offer far more definite proposals as to how to improve supply."

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